

Auditing Procedures Report

[Reset Form](#)[Email](#)

Issued under Public Act 2 of 1968, as amended.

Unit Name Forester Township	County Sanilac	Type Township	MuniCode 76-1-110
Opinion Date 6/30/08	Audit Submitted	Fiscal Year 3/31/08	

If a local unit of government (authorities & commissions included) is operating within the boundaries of the audited entity and is NOT included in this or any other audit report, nor do they obtain a stand-alone audit, enclose the name(s), address(es), and a description(s) of the authority and/or commission.

Place a check next to each "Yes" or non-applicable question below. Questions left unmarked should be those you wish to answer "No".

<input checked="" type="checkbox"/> 1. Are all required component units/funds/agencies of the local unit included in the financial statements and/or disclosed in the reporting entity notes to the financial statements?
<input checked="" type="checkbox"/> 2. Does the local unit have a positive fund balance in all of its unreserved fund balances/unrestricted net assets?
<input type="checkbox"/> 3. Were the local unit's actual expenditures within the amounts authorized in the budget?
<input checked="" type="checkbox"/> 4. Is this unit in compliance with the Uniform Chart of Accounts issued by the Department of Treasury?
<input checked="" type="checkbox"/> 5. Did the local unit adopt a budget for all required funds?
<input checked="" type="checkbox"/> 6. Was a public hearing on the budget held in accordance with State statute?
<input checked="" type="checkbox"/> 7. Is the local unit in compliance with the Revised Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, and other guidance as issued by the Local Audit and Finance Division?
<input checked="" type="checkbox"/> 8. Has the local unit distributed tax revenues, that were collected for another taxing unit, timely as required by the general property tax act?
<input type="checkbox"/> 9. Do all deposits/investments comply with statutory requirements including the adoption of an investment policy?
<input checked="" type="checkbox"/> 10. Is the local unit free of illegal or unauthorized expenditures that came to your attention as defined in the Bulletin for Audits of Local Units of Government in Michigan, as revised (see Appendix H of Bulletin.)
<input checked="" type="checkbox"/> 11. Is the unit free of any indications of fraud or illegal acts that came to your attention during the course of audit that have not been previously communicated to the Local Audit and Finance Division? (If there is such activity, please submit a separate report under separate cover.)
<input checked="" type="checkbox"/> 12. Is the local unit free of repeated reported deficiencies from previous years?
<input checked="" type="checkbox"/> 13. Is the audit opinion unqualified? 14. If not, what type of opinion is it? NA
<input checked="" type="checkbox"/> 15. Has the local unit complied with GASB 34 and other generally accepted accounting principles (GAAP)?
<input checked="" type="checkbox"/> 16. Has the board or council approved all disbursements prior to payment as required by charter or statute?
<input checked="" type="checkbox"/> 17. To your knowledge, were the bank reconciliations that were reviewed performed timely?
<input checked="" type="checkbox"/> 18. Are there reported deficiencies? <input checked="" type="checkbox"/> 19. If so, was it attached to the audit report?

General Fund Revenue:	\$ 154,271.00
General Fund Expenditure:	\$ 161,909.00
Major Fund Deficit Amount:	\$ 0.00

General Fund Balance:	\$ 133,107.00
Governmental Activities Long-Term Debt (see instructions):	-0-

We affirm that we are certified public accountants (CPA) licensed to practice in Michigan. We further affirm the above responses have been disclosed in the financial statements, including the notes, or in the Management Letter (Reported deviations).

CPA (First Name) Gary	Last Name Anderson	Ten Digit License Number 1101005446			
CPA Street Address 715 E Frank St	City Caro	State MI	Zip Code 48723	Telephone (989) 673-3137	
CPA Firm Name Anderson, Turkey, Bernhardt + Doran, PC	Unit's Street Address 715 E Frank St	City Caro	Zip Code 48723		

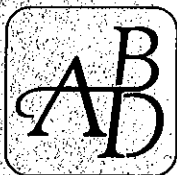
TOWNSHIP OF FORESTER
SANILAC COUNTY
Deckerville, Michigan

Report of Financial Statements
March 31, 2008

Township of Forester, Sanilac County

Table of Contents

	<u>Page Number</u>
REPORT OF INDEPENDENT AUDITORS	
MANAGEMENT DISCUSSION AND ANALYSIS	<i>i - v</i>
GENERAL PURPOSE FINANCIAL STATEMENTS	
<i>Governmental Fund Balance Sheet/Statement of Net Assets</i>	<i>1</i>
<i>Statement of Governmental Fund Revenue, Expenditures and Changes in Fund Balance/Statement of Activities</i>	<i>2</i>
<i>Statement of Fiduciary Assets and Liabilities</i>	<i>3</i>
<i>Notes to the Financial Statements</i>	<i>4 - 11</i>
REQUIRED SUPPLEMENTARY INFORMATION	
<i>Budgetary Comparison Schedule- General Fund</i>	<i>12</i>
FINANCIAL STATEMENTS OF INDIVIDUAL FUNDS	
CURRENT TAX COLLECTION FUND:	
<i>Schedule of Changes in Assets and Liabilities</i>	<i>13</i>



ANDERSON, TUCKEY, BERNHARDT & DORAN, P.C.

Certified Public Accountants

Gary R. Anderson, CPA
Jerry J. Bernhardt, CPA
Thomas B. Doran, CPA
Valerie J. Hartel, CPA
Terry L. Haske, CPA
Jamie L. Peasley, CPA
Timothy Franzel

June 30, 2008

REPORT OF INDEPENDENT AUDITOR'S

Robert L. Tuckey, CPA

Township of Forester
Sanilac County
Deckerville, MI 48427

We have audited the accompanying financial statements of each major fund and the aggregate remaining fund information of the Township of Forester as of and for the year ended March 31, 2008, which collectively comprise the Township's basic financial statements required by accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Forester Township management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the Township has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments, as amended and interpreted, as of March 31, 2008.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Forester as of March 31, 2008, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis budgetary comparison information on pages i through v and 12 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The supplemental financial information listed in the Table of Contents is presented for purposes of additional analysis and is not a required part of the general-purpose financial statements of Forester Township. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

Anderson, Tuckey, Bernhardt & Doran, P.C.

ANDERSON, TUCKEY, BERNHARDT & DORAN, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

715 East Frank Street
Caro, MI 48723

989-673-3137
800-234-8829
Fax 989-673-3375

www.atbdcpa.com
cpa@atbdcpa.com

Office locations in Caro,
Cass City & Marlette

Township of Forester

Management's Discussion and Analysis

For Fiscal Year Ended March 31, 2008

As management of the Township of Forester, we offer readers of the Township of Forester's financial statements this narrative overview and analysis of the financial activities of the Township for the fiscal year ended March 31, 2008.

This reporting model was adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 Basic Financial Statements – and Management Discussion and Analysis (MD&A) – for State and Local Governments issued in June of 2000. Certain comparative information between the current year and the prior year is required to be presented in the MD&A. However, because this is the first year of implementing the new reporting model, certain necessary comparative information of the previous year was not prepared. We expect this situation to continue because small townships are only required to have an audit every other year.

FINANCIAL HIGHLIGHTS

- The assets of the Township exceeded its liabilities at the close of the most recent fiscal year by \$157,651 (net assets). Of this amount, \$133,107 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets decreased by \$11,584.
- As of the close of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$133,107, a decrease of \$7,638 in comparison with the prior year.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$133,107, or 82 percent of total general fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis is intended to serve as an introduction to the Township's basic financial statements. The Township's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary and additional information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the Township's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the Township's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Township is improving or deteriorating.

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., delinquent personal property taxes).

Both of the government-wide financial statements distinguish functions of the Township that are principally supported by taxes, special assessments and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Township include general government, public safety, public works, health and welfare, community and economic development, culture and recreational, and other functions.

Township of Forester

Management's Discussion and Analysis

For Fiscal Year Ended March 31, 2008

The government-wide financial statements can be found on pages 1 and 2 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Township can be divided into two categories: governmental funds and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Township maintains one individual governmental fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, which is considered to be a major fund.

The Township adopts an annual appropriated budget for its general. Budgetary comparison statements have been provided for the general fund in the required supplementary information.

The basic governmental fund financial statements can be found on pages 1 and 2 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Township's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on page 3 of this report.

Notes to the financial statements. The notes provide additional information that is essential to full understanding of the data provided in the government-wide financial statements. The notes to the financial statements can be found on pages 4 through 11 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Township's general fund and special revenue budget. Required supplementary information can be found on page 12 of this report.

Combining and individual fund statements and schedules can be found on page 13 of this report.

Township of Forester
Management's Discussion and Analysis
For Fiscal Year Ended March 31, 2008

Government-wide Financial analysis

As noted earlier, net assets may serve over time as a useful indicator of government's financial position. In the case of the Township, assets exceeded liabilities by \$157,651 at the close of the most recent fiscal year.

A portion of the Township's net assets (16 percent) reflects its investment in capital assets (e.g., land, building, and equipment), less any related debt used to acquire those assets that is still outstanding. The Township uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Township's investment in its capital assets is reported net of related debt, it should be noted that the Township does not have any outstanding debt.

Township of Forester's Net Assets

	<u>Governmental Activities March 31, 2008</u>
Current and other assets	\$ 133,107
Capital assets	<u>24,544</u>
Total assets	<u><u>\$ 157,651</u></u>
Current liabilities	<u>-</u>
Net assets:	
Invested in capital assets	\$ 24,544
Restricted	-
Unrestricted	<u>133,107</u>
Total net assets	<u><u>\$ 157,651</u></u>

Township of Forester

Management's Discussion and Analysis

For Fiscal Year Ended March 31, 2008

Governmental activities. Governmental activities decreased the Township's net assets by \$11,584. Key elements of this decrease are as follows:

Township of Forester's Changes in Net Assets

	<u>Governmental Activities</u> <u>March 31, 2008</u>
Revenues	
Program revenues	
Charges for services	\$ 25,346
General revenues	
Property taxes	
Levied for general purposes	38,653
State sources	76,231
Investment earnings	4,430
Other	9,611
	<hr/>
Total revenues	154,271
	<hr/>
Expenses	
General government	91,056
Public safety	2,400
Public works	58,232
Other functions	10,221
Depreciation	3,946
	<hr/>
Total expenses	165,855
	<hr/>
Increase in net assets	(11,584)
Net assets, beginning of year	169,235
	<hr/>
Net assets, end of year	157,651
	<hr/>

Financial Analysis of the Government's Funds

As noted earlier, the Township uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the Township's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Township's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The general fund is the chief operating fund of the Township. At the end of the current fiscal year, unreserved, undesignated, and total fund balance of the general fund was \$133,107. As a measure of the general fund's liquidity, it may be useful to compare total fund balance to total fund expenditures. Total fund balance represents 82 percent of total general fund expenditures.

Township of Forester

Management's Discussion and Analysis

For Fiscal Year Ended March 31, 2008

General Fund Budgetary Highlights

The final amended budget was changed from the original budget, and the individual fluctuations can be summarized as follows:

- \$1,453 decrease in general government activities
- \$11,453 increase in public works activities
- \$5,000 decrease in other functions

Capital Assets

The Township's investment in capital assets for its governmental and business type activities as of March 31, 2008, amounts to \$24,544 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, equipment, and office equipment.

Township of Forester's Capital Assets (net of depreciation)

	<u>Governmental Activities</u> <u>March 31, 2008</u>
Land	\$ 400
Buildings and improvements	15,431
Equipment	<u>8,713</u>
	<u>\$ 24,544</u>

Additional information on the Township's capital assets can be found in Note 2 on page 8 of this report.

Economic Factors and Next Year's Budgets and Rates

Township of Forester goal is to continually look for the most efficient and effective methods to maintain and enhance the services that are provided to the public. The Township has a conservative and financially prudent budget for the fiscal year 2009 that also promotes numerous project objectives.

The Township has deliberately made conservative estimates concerning state revenue sharing for fiscal year 2009 due to the budget constraints at the State level. It has also estimated investment earnings conservatively anticipating a slow increase in interest rates.

Requests for Information

This financial report is designed to provide a general overview of the Township's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Township Clerk's Office, 5680 East Deckerville Road, Deckerville, MI 48427.

GENERAL PURPOSE FINANCIAL STATEMENTS

TOWNSHIP OF FORESTER, SANILAC COUNTY

Governmental Balance Sheet/

Statement of Net Assets

March 31, 2008

	<u>GOVERNMENTAL FUND TYPES</u>	<u>GASB No. 34 Adjustments (Note 3)</u>	<u>Township as a Whole Statement of Net Assets- Full-Accrual Basis</u>
	<u>GENERAL FUND</u>		
<u>ASSETS</u>			
CURRENT ASSETS			
Cash	\$ 127,600		\$ 127,600
Due from other funds	5,507	\$ (5,507)	-
Accounts receivable		5,507	5,507
TOTAL CURRENT ASSETS	<u>133,107</u>	<u>-</u>	<u>133,107</u>
CAPITAL ASSETS			
Capital assets		37,476	37,476
Less: accumulated depreciation		(12,932)	(12,932)
TOTAL CAPITAL ASSETS	<u>-</u>	<u>24,544</u>	<u>24,544</u>
TOTAL ASSETS	<u>\$ 133,107</u>	<u>\$ 24,544</u>	<u>\$ 157,651</u>
<u>LIABILITIES & FUND EQUITY</u>			
CURRENT LIABILITIES			
Accrued payroll	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>
FUND EQUITY- UNRESERVED			
Undesignated	133,107	(133,107)	-
TOTAL FUND EQUITY	<u>133,107</u>	<u>(133,107)</u>	<u>-</u>
TOTAL LIABILITIES & FUND EQUITY	<u>\$ 133,107</u>		
<u>NET ASSETS</u>			
Investment in capital assets		24,544	24,544
Unrestricted		133,107	133,107
TOTAL NET ASSETS		<u>\$ 24,544</u>	<u>\$ 157,651</u>

The accompanying notes are an integral part of the financial statements.

TOWNSHIP OF FORESTER, SANILAC COUNTY
Statement of Governmental Revenues, Expenditures
and Changes in Fund Balance/Statement of Activities
For the Year Ended March 31, 2008

	GOVERNMENTAL FUND TYPES		Township as a Whole
	General Fund Total Modified- Accrual Basis	GASB No. 34 Adjustments (Note 3)	Statement of Net Assets Full- Accrual Basis
REVENUES:			
Property taxes	\$ 38,653		\$ 38,653
Charges for services	25,346		25,346
State shared revenue	76,231		76,231
Interest	4,430		4,430
Other revenues	9,611		9,611
TOTAL REVENUES	154,271	-	154,271
EXPENDITURES:			
Legislative	18,605		18,605
Executive	28,542		28,542
Clerk	10,126		10,126
Board of review	1,913		1,913
Treasurer	15,664		15,664
Election	2,798		2,798
Township hall	675		675
Zoning board	6,843		6,843
Cemetery operations	5,890		5,890
Fire runs	2,400		2,400
Highways & streets	58,232		58,232
Public safety	-		-
Other	10,221		10,221
Depreciation	-	\$ 3,946	3,946
TOTAL EXPENDITURES	161,909	3,946	165,855
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(7,638)	(3,946)	(11,584)
FUND BALANCE/NET ASSETS - APRIL 1	140,745	28,490	169,235
FUND BALANCE/NET ASSETS - MARCH 31	\$ 133,107	\$ 24,544	\$ 157,651

The accompanying notes are an integral part of the financial statements.

TOWNSHIP OF FORESTER, SANILAC COUNTY
STATEMENT FIDUCIARY ASSETS AND LIABILITIES
March 31, 2008

	<u>CURRENT TAX COLLECTION FUND</u>
 <u>ASSETS</u>	
Cash on hand & in bank	\$ 638
Taxes receivable	<u>141,371</u>
TOTAL ASSETS	<u>\$ 142,009</u>
 <u>LIABILITIES AND FUND EQUITY</u>	
LIABILITIES	
Due to general fund	\$ 5,507
Due to other governmental units	<u>136,502</u>
TOTAL LIABILITIES	<u>142,009</u>
TOTAL FUND EQUITY	<u>-</u>
TOTAL LIABILITIES & FUND EQUITY	<u>\$ 142,009</u>

The accompanying notes are an integral part of the financial statements.

TOWNSHIP OF FORESTER, SANILAC COUNTY
Notes to the Financial Statements
March 31, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

DESCRIPTION OF TOWNSHIP OPERATIONS & FUND TYPES:

The Township of Forester, Michigan covers an area of approximately 34 square miles within Sanilac County. The Township operates under an elected Board of Trustees (5 members) and provides services to its more than 900 residents in many areas including law enforcement, administration of justice, community enrichment and development and human services.

The financial statements of the Township of Forester have been prepared in conformity with U.S. generally accepted accounting principals (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

ADOPTION OF NEW ACCOUNTING STANDARDS:

During the fiscal period 2008, the Township adopted GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, issued June 1999; GASB Statement 37, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments Omnibus*, and amendment to GASB No. 21 and No. 34, issued June 2001, and in GASB Statement No. 38, *Certain Financial Statement Note Disclosures*, issued in 2001. These statements require the Township to prepare a Management's Discussion and Analysis, government-wide financial statements on an accrual basis, and make some changes to the footnotes.

The table shows beginning net assets restated for the effects of implementation of GASB Statement No. 34:

Fund Balance at March 31, 2007 – governmental funds	\$140,745
Net capital assets (restated)	<u>28,490</u>
Restated net assets – April 1, 2007	<u>\$169,235</u>

A. REPORTING ENTITY:

In evaluating how to define the government, for financial reporting purposes, management has considered all potential component units. The decision whether to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The basic – but not the only – criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities.

Based upon the application of these criteria, the general purpose financial statements of the Township of Forester contain all the funds and account groups controlled by the Township's Board as no other entity meets the criteria to be considered a blended component unit or a discretely presented component of the Township nor is the Township a component unit of another entity.

TOWNSHIP OF FORESTER, SANILAC COUNTY
Notes to the Financial Statements
March 31, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued):

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS:

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are supported by taxes, special assessments and intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND BASIS OF PRESENTATION:

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants are similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, are recorded only when payment is due.

Franchise fees, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal year. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current periods. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all the financial resources of the general government, except those required to be accounted for in another fund.

Also, the government reports as fiduciary funds, the Tax Collection Fund (agency fund).

The Agency Fund is utilized to account for the Township's collections of taxes for other governmental units.

TOWNSHIP OF FORESTER, SANILAC COUNTY
Notes to the Financial Statements
March 31, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued):

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND BASIS OF PRESENTATION (Continued):

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. The government has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions and 3) capital grants and contributions, including special assessments and the public safety millage. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, the unrestricted resources, as they are needed.

D. ASSETS, LIABILITIES AND NET ASSETS:

1. Cash and Investments

Cash includes amounts in petty cash and demand deposits. Investments included instruments allowed by state statute subsequently described. Investments are carried at amortized cost or fair value. The Township's deposits and investments are in accordance with statutory authority.

State statutes authorize the Township to invest in bonds, securities, and other direct and certain indirect obligations of the U.S. Treasury, which include securities issued or guaranteed by the Government National Mortgage Association; certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank, savings and loan association, or credit union, which is a member of the Federal Deposit Insurance Corporation, Federal Savings and Loan Insurance Corporation, or National Credit Union Administration, respectively; and in commercial paper rated at the time of purchase within the three highest classifications established by not less than two standard rating services and which matures not more than 270 days after the date of purchase and not totaling more than 40% of any fund at any time. The Township is also authorized to invest in U.S. Government or federal agency obligation repurchase agreements, bankers' acceptances of U.S. banks, and mutual funds composed of investments as outlined above.

2. Short-Term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet.

3. Receivables

Receivables consist primarily of amounts for taxes and customers charges. No allowance for doubtful accounts is considered necessary and credit risk is minimal because of the large number of customers and the authority of the Township to add receivables to the tax rolls, which are secured by the underlying property.

TOWNSHIP OF FORESTER, SANILAC COUNTY
Notes to the Financial Statements
March 31, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued):

D. ASSETS, LIABILITIES AND NET ASSETS (Continued):

4. Capital Assets

Capital assets, which include property, plant, and equipment, infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$500 and an estimated life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Property, plant, and equipment is depreciated using the straight-line method over the following useful lives:

Buildings	40-60 years
Office Equipment	5-7 years
Computer Equipment	3-7 years

5. Interfund Transactions

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Non-reoccurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

6. Estimates

The preparation of financial statements in conformity with the U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

TOWNSHIP OF FORESTER, SANILAC COUNTY
Notes to the Financial Statements
March 31, 2008

NOTE 2 - CAPITAL ASSETS:

A summary of changes in capital assets follows:

	<u>BALANCE</u> <u>MARCH 31,</u> <u>2007</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE</u> <u>MARCH 31,</u> <u>2008</u>
Land	\$ 400			\$ 400
Buildings & Improvements	22,397			22,397
Equipment	<u>14,679</u>			<u>14,679</u>
Total Cost	37,476			37,476
Less Accumulated depreciation	<u>(8,986)</u>	(<u>\$3,946</u>)	<u>-</u>	(<u>12,932</u>)
NET CARRYING VALUE	<u>\$28,490</u>	(<u>\$3,946</u>)	<u>\$ -</u>	<u>\$24,544</u>

NOTE 3 – RECONCILIATION OF THE TOWNSHIP AS A WHOLE AND THE GOVERNMENTAL FUNDS FINANCIAL STATEMENTS:

Total fund balances and the net change in fund balances of the Township's individual funds differ from net assets and change in net assets of the Township as a Whole reported in the statement of net assets and statement of activities. This difference results primarily from the long-term economic focus of the statement of net assets and statement of activities versus the current focus of the statement of the individual governmental funds' balance sheet and statement of revenue, expenditures and change in fund balance. The following is a reconciliation of fund balances to net assets and the net change in fund balances to the net change in net assets:

Total Fund Balance – Modified-accrual Basis	\$ 133,107
---	------------

Amounts reported in the statement of net assets are different because:

Capital assets are not financial resources and are not reported in the funds	<u>24,544</u>
--	---------------

Total Net Assets – Full-accrual Basis	<u>\$ 157,651</u>
---------------------------------------	-------------------

TOWNSHIP OF FORESTER, SANILAC COUNTY
Notes to the Financial Statements
March 31, 2008

NOTE 3 – RECONCILIATION OF THE TOWNSHIP AS A WHOLE AND THE GOVERNMENTAL FUNDS FINANCIAL STATEMENTS (Continued):

Net Change in Fund Balances – Modified-accrual Basis	\$ (7,638)
--	------------

Amounts reported in the statement of net activities are different because:

Governmental funds report capital outlay as expenditures in the statement of activities; these costs are allocated over their estimated useful lives as depreciation:

Equipment	-
Depreciation expense	<u>(3,946)</u>

Change in Net Assets – Full-accrual Basis	<u>\$ (11,584)</u>
---	--------------------

NOTE 4 - CASH AND INVESTMENTS:

Cash and investments are held separately by each of the Township's funds.

Interest rate risk. In accordance with its investment policy, the Township will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by: avoiding the need to sell securities prior to maturity and investing operating funds primarily in short term securities, money market mutual funds or similar public investment pools. Securities shall not normally be sold prior to maturity except to minimize loss of principal; to improve the quality, yield or target duration in the portfolio, or to meet liquidity needs.

Credit Risk. State law limits investments in commercial paper and corporate bonds to a prime or better rating issued by nationally recognized statistical rating organizations (NRSRO's).

Concentration of credit risk. The Township will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the Township's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

Custodial credit risk- deposits. In the case of deposits, this is the risk that in the event of a bank failure, the Township's deposits may not be returned to it. As of March 31, 2008, none of the Township's bank balance of \$131,463 was exposed to custodial credit risk because it was uninsured and uncollateralized. Certificate of deposits amounted to \$83,941 and are included in the above totals. The amount on the books is \$128,238.

Custodial credit risk – investments. For an investment, this is the risk that, in the event of the failure of the counter party, the Township will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

TOWNSHIP OF FORESTER, SANILAC COUNTY
Notes to the Financial Statements
March 31, 2008

NOTE 4 - CASH AND INVESTMENTS (Continued):

The Township's investments are categorized to give an indication of the level of risk assumed by the Township at year-end. Category 1 includes investments that are insured or registered, or securities held by the Township's or the Township's agent in the Township's name. Category 2 includes investments that are uninsured and unregistered, with securities held by the counter-part's trust department or its agent in the Township's name. Category 3 includes investments that are uninsured and unregistered, with the securities held by the counter party, or by its trust department or its agent but not in the Township's name. At March 31, 2008, the Township had no Category 1, 2 or 3 investments. Additional disclosures required by GASB 40 are not included in the accompanying financial statements.

The Township's cash, cash equivalents, investments and restricted assets at March 31, 2008 are composed of the following:

	<u>CASH AND CASH EQUIVALENTS</u>	<u>INVESTMENTS</u>	<u>RESTRICTED ASSETS</u>
General Fund:			
Deposits	\$127,600		
Other Funds:			
Deposits	<u>638</u>	<u>NONE</u>	<u>NONE</u>
TOTAL	<u>\$128,238</u>	<u>NONE</u>	<u>NONE</u>

NOTE 5 - LEGAL COMPLIANCE - BUDGETS:

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for the general and special revenue funds. Encumbrance accounting is employed in governmental funds. Significant encumbrances outstanding at year end, if any, are reported as reservations of fund balances because they will be re-appropriated in the subsequent fiscal year.

The Township follows these procedures in establishing the budgetary data reflected in the financial statements.

1. On or prior to March 31 of each year, a proposed budget is submitted to the Board of Trustees for the fiscal year commencing the following April 1. The operating budget includes proposed expenditures and the means of financing them.
2. A public hearing is conducted to obtain taxpayers comments.
3. Prior to March 31, the budget is legally enacted through passage of a resolution.
4. Any revisions of the budget must be approved by the Board of Trustees.
5. Formal budgetary integration is employed as a management control device during the year for the general fund and special revenue funds.
6. Budgets for general and special revenue funds are adopted on a basis consistent with generally accepted accounting principles. Budgeted amounts are as originally adopted, or as amended by the Board of Trustees during the fiscal year. Individual amendments were not material in relation to the original appropriations, which were amended.

TOWNSHIP OF FORESTER, SANILAC COUNTY
Notes to the Financial Statements
March 31, 2008

NOTE 5 - LEGAL COMPLIANCE – BUDGETS, (Continued):

7. The budget is prepared by fund and function and includes information on the past year, current year estimates and requested appropriations for the next fiscal year. Expenditures may not exceed budget at the function level.
8. The current year General Fund expenditures for elections exceeded the budget by \$1,181 which is a PA 621 violation.

NOTE 6 - PROPERTY TAX REVENUE:

Property taxes become an enforceable lien on the property as of December 1. Taxes are levied on December 1 and are due in February of the following year. The Township bills and collects its own property taxes and also taxes for the county, intermediate school district and school districts. All tax collections are accounted for in the tax collection fund, an agency fund. Township tax revenues are recognized in the fiscal year that includes the December 1 levy date. In addition, the Township collected the State Education Tax and the County Tax that was levied July 1 and due September 15.

NOTE 7 - RISK MANAGEMENT:

The Township is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. The Township carries commercial insurance to cover any losses that may result from the above-described activities. For insured programs, there has been no significant reduction in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

NOTE 8 – SUBSEQUENT EVENTS:

At a special meeting held March 13, 2006, the board approved a motion to file an application with the USDA Rural Development/Rural Utility Services (RD/RUS) for a loan and grant to construct a drinking water system in the township. As of March 31, 2008, the Township's application was approved and the project is now in the engineering and design stages.

REQUIRED SUPPLEMENTARY INFORMATION

TOWNSHIP OF FORESTER, SANILAC COUNTY

Budgetary Comparison Schedule

General Fund

For the Year Ended March 31, 2008

	GENERAL FUND			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE- FAVORABLE (UNFAVORABLE)
REVENUES:				
Property taxes	\$ 40,000	\$ 40,000	\$ 38,653	\$ (1,347)
Charges for services	25,800	25,800	25,346	(454)
State shared revenue	75,600	75,600	76,231	631
Interest	800	800	4,430	3,630
Other revenues	13,000	13,000	9,611	(3,389)
TOTAL REVENUES	155,200	155,200	154,271	(929)
EXPENDITURES:				
Legislative	18,265	18,265	18,605	(340)
Executive	29,575	29,575	28,542	1,033
Clerk	9,750	9,750	10,126	(376)
Board of review	3,065	3,065	1,913	1,152
Treasurer	17,695	17,695	15,664	2,031
Election	1,110	1,617	2,798	(1,181)
Township hall	2,955	1,095	675	420
Zoning board	5,760	8,160	6,843	1,317
Cemetery operations	11,154	8,654	5,890	2,764
Fire runs	2,400	2,400	2,400	-
Highways & streets	46,800	58,253	58,232	21
Public safety	-	-	-	-
Other	16,050	11,050	10,221	829
TOTAL EXPENDITURES	164,579	169,579	161,909	7,670
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ (9,379)</u>	<u>\$ (14,379)</u>	<u>(7,638)</u>	<u>\$ 6,741</u>
FUND BALANCE - APRIL 1			<u>140,745</u>	
FUND BALANCE - MARCH 31			<u>\$ 133,107</u>	

See notes to the financial statements.

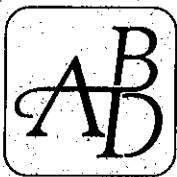
FINANCIAL STATEMENTS OF INDIVIDUAL FUNDS

TOWNSHIP OF FORESTER, SANILAC COUNTY
Schedule of Changes in Assets and Liabilities
All Agency Funds
For the Fiscal Year Ended March 31, 2008

CURRENT TAX COLLECTION FUND

	BALANCE MARCH 31, 2007	ADDITIONS	DEDUCTIONS	BALANCE MARCH 31, 2008
<u>ASSETS</u>				
Cash	\$ 1,923		\$ 1,285	\$ 638
Taxes receivable	4,257	\$ 2,014,378	1,877,264	141,371
TOTAL ASSETS	\$ 6,180	\$ 2,014,378	\$ 1,878,549	\$ 142,009
 <u>LIABILITIES</u>				
Due to general fund	\$ 6,180	\$ 59,257	\$ 58,584	\$ 5,507
Due to other governmental units	-	1,819,292	1,955,794	136,502
TOTAL LIABILITIES	\$ 6,180	\$ 1,878,549	\$ 2,014,378	\$ 142,009

See notes to the financial statements.



ANDERSON, TUCKEY, BERNHARDT & DORAN, P.C.

Certified Public Accountants

Gary R. Anderson, CPA
Jerry J. Bernhardt, CPA
Thomas B. Doran, CPA
Valerie J. Hartel, CPA
Terry L. Haske, CPA
Jamie L. Peasley, CPA
Timothy Franzel

Robert L. Tuckey, CPA

June 30, 2008

To the Members of the Board
Township of Forester

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Township of Forester for the year ended March 31, 2008, and have issued our report thereon dated June 30, 2008. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated June 30, 2008, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters on June 30, 2008.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Township of Forester are described in Note 1 to the financial statements. As described in Note 1 to the financial statements, the Township of Forester changed its accounting policies related to full accrual financial statements by adopting Statement of Governmental Accounting Standards (GASB Statement) No. 34, in 2008. Accordingly, the cumulative effect of the accounting change as of the beginning of the year is reported in Note 1. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

715 East Frank Street
Caro, MI 48723

989-673-3137
800-234-8829
Fax 989-673-3375

www.atbdcpa.com
cpa@atbdcpa.com

Office locations in Caro,
Cass City & Marlette

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated June 30, 2008.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

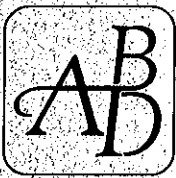
We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Members of the Board and management of the Township of Forester and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,



Anderson, Tuckey, Bernhardt, & Doran, P.C.
Certified Public Accountants



ANDERSON, TUCKEY, BERNHARDT & DORAN, P.C.

Certified Public Accountants

Gary R. Anderson, CPA
Jerry J. Bernhardt, CPA
Thomas B. Doran, CPA
Valerie J. Hartel, CPA
Terry L. Haske, CPA
Jamie L. Peasley, CPA
Timothy Franzel

Robert L. Tuckey, CPA

June 30, 2008

To the Members of the Board
Township of Forester

In planning and performing our audit of the financial statements of the Township of Forester as of and for the year ended March 31, 2008, in accordance with auditing standards generally accepted in the United States of America, we considered the Township of Forester's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. During the course of our audit, we observed the following significant deficiency:

Segregation of Duties

Due to the limited number of people, many critical duties are combined and given to the available employees/board members. To the extent possible, duties should be segregated to serve as a check and balance and to maintain the best control system possible. We recommend the Township segregate duties whenever possible.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control. We believe that the following deficiencies constitute material weaknesses:

Financial Statements

After considering the qualifications of the accounting personnel of the Township of Forester, we believe that the personnel have the abilities to maintain the day-to-day bookkeeping of the Township, but they do not have the qualifications and abilities to generate financial statements, including the required footnotes, in accordance with accounting principles generally accepted in the United States of America.

715 East Frank Street
Caro, MI 48723

989-673-3137
800-234-8829
Fax 989-673-3375

www.atbdcpa.com
cpa@atbdcpa.com


Office locations in Caro,
Cass City & Marlette

Members of the Board
June 30, 2008
Page 2

This communication is intended solely for the information and use of management, the Township of Forester, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

We appreciate the opportunity to be of service to the Township of Forester and look forward each year to continuing our relationship. The cooperation extended to us by your staff throughout the audit was greatly appreciated. Should you wish to discuss any item included in this letter further, we would be happy to do so.

Very truly yours,

A handwritten signature in cursive script that reads "Anderson, Tuckey, Bernhardt & Doran, P.C.".

Anderson, Tuckey, Bernhardt & Doran, P.C.
Certified Public Accountants